

North Dakota's Crude Oil Rail Transportation Infrastructure

February 28, 2011

10:30 am – 12:00 pm

Agenda

- BNSF Railway
- Rangeland Energy
- US Development
Group
- EDOG Logistics
- Savage Services

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- Q&A tab at the top of
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Additional Viewer Tips

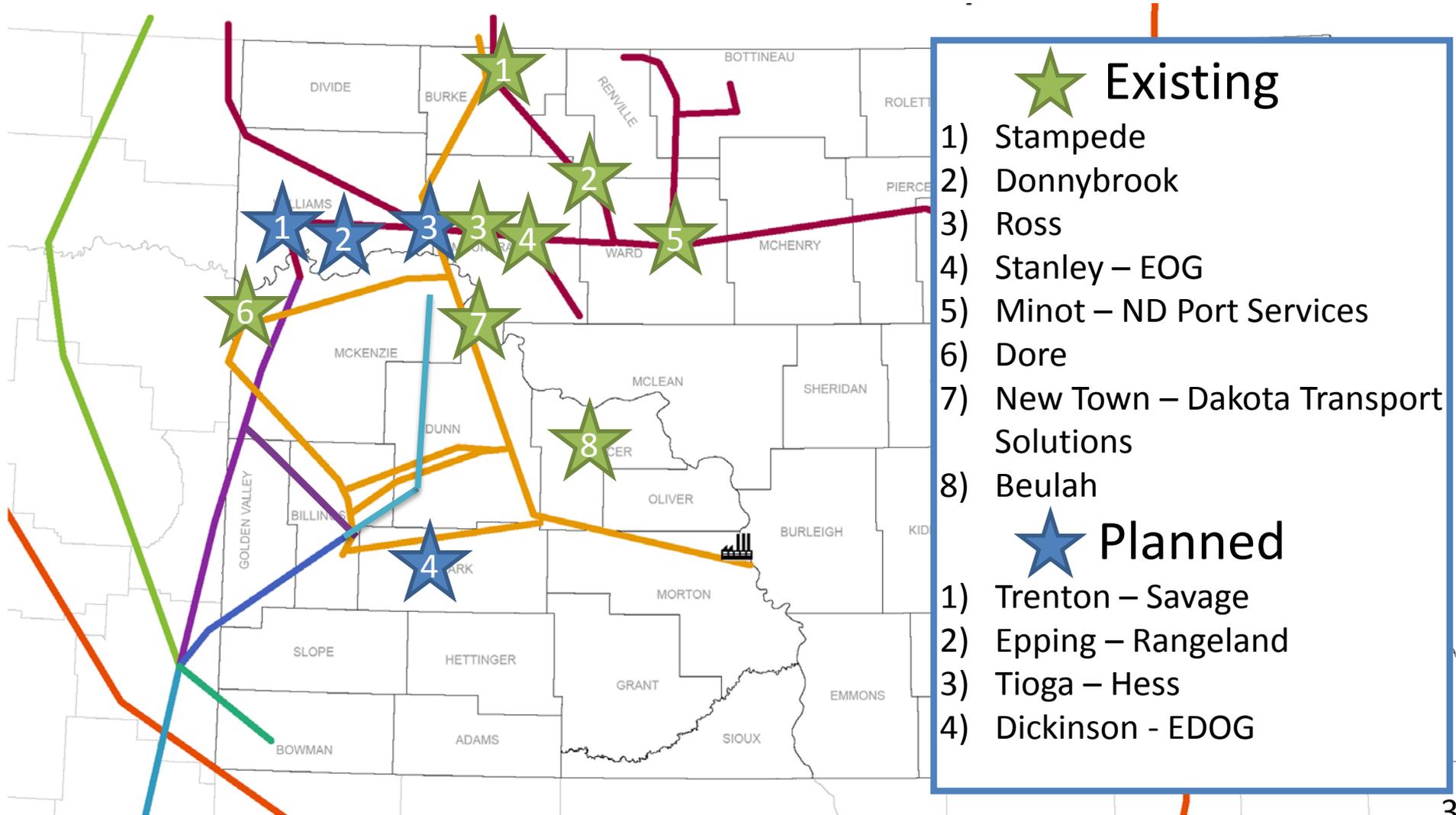
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Existing & Planned Rail Locations



★ Existing

- 1) Stampede
- 2) Donnybrook
- 3) Ross
- 4) Stanley – EOG
- 5) Minot – ND Port Services
- 6) Dore
- 7) New Town – Dakota Transport Solutions
- 8) Beulah

★ Planned

- 1) Trenton – Savage
- 2) Epping – Rangeland
- 3) Tioga – Hess
- 4) Dickinson - EDOG

NDPA Webinar

Michael Bruce
Director, Business Development

2/28/2011



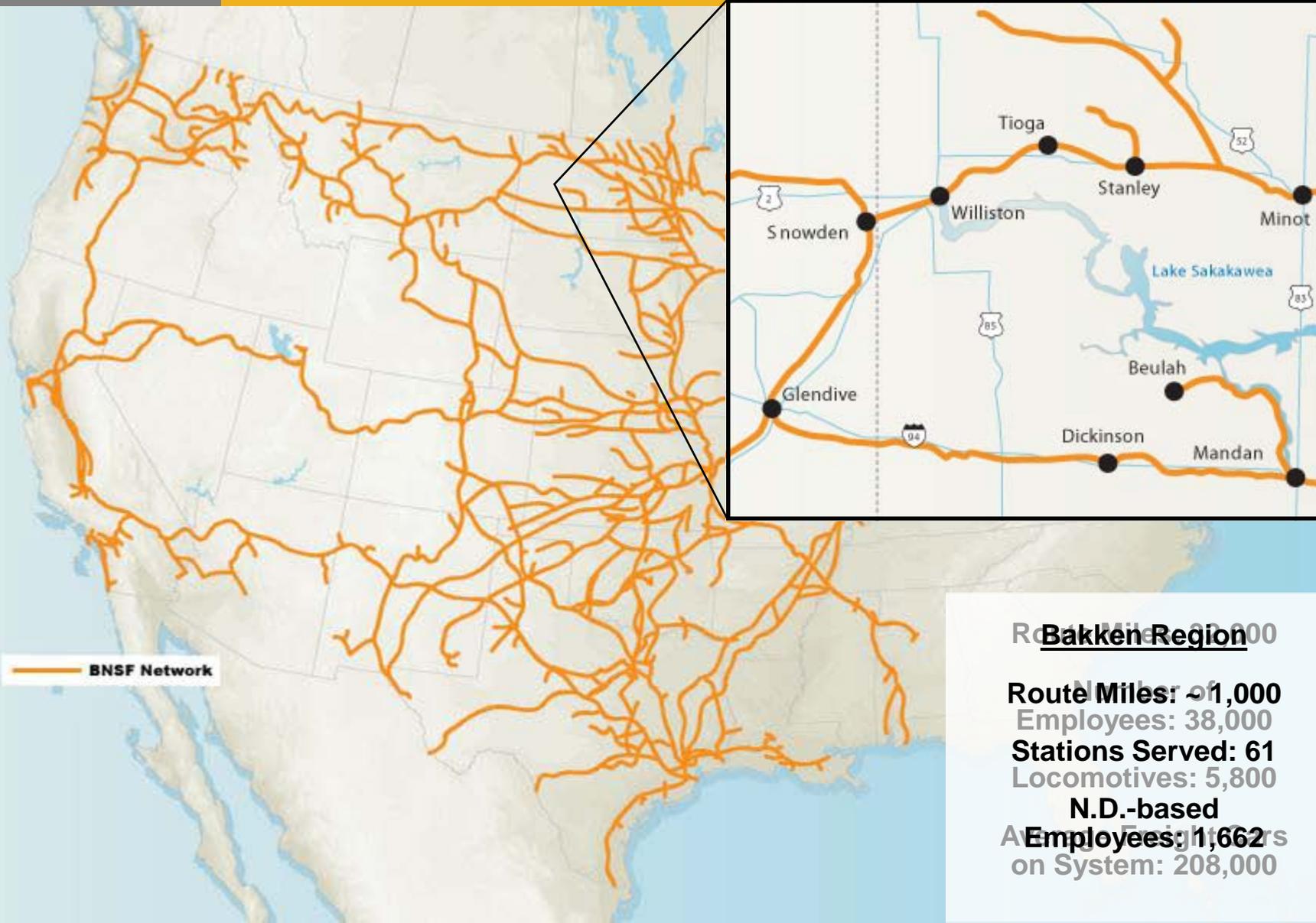
BNSF[®]
RAILWAY

About Us



- **A Berkshire Hathaway company**
- **Unlike other forms of freight transportation, our trains operate on an infrastructure built and financed almost entirely by the railroad**
- **Every day, we deliver trainloads of consumer goods, agricultural products, industrial products and coal to customers across our 32,000-mile rail network**

BNSF Network



Route Miles: 1,000

Employees: 38,000

Stations Served: 61

Locomotives: 5,800

N.D.-based

Employees: 1,662

Average Trains on System: 208,000

Inbound Commodities

- Each horizontal drilling rig / well site consumes about 23 railcars of inbound products per month:
 - OCTG (casing)
 - Sand
 - Barite
 - Drilling fluid
 - Acid
 - Cement
- Pipelines – Gathering and Transmission



Four Bears Pipeline - October 2010

Crude Takeaway

- **Unit Train Shipments**
 - BNSF touches 16 of the top 19 oil-producing counties in North Dakota
 - 8 new crude unit train facilities by 2012
- **Manifest Shipments**
 - Origins
 - Transload locations in North Dakota and Montana
 - Destinations
 - Refineries and Transloads
 - WTI and LLS tank farms
 - Oklahoma, Texas, California, Others
- **Rail is currently transporting approximately 20% of Bakken production**



BEST in the **BAKKEN**

Who can ship 730,000 barrels of crude out of the Bakken every day? BNSF.

EXPERTISE > Nobody knows the Bakken like BNSF. As the transportation leader in the region, we are successfully hauling increasing amounts of crude, LPG, sand and OCTG through 30 facilities on the BNSF today. And an additional 18 Bakken-area facilities are currently under development. In less time than it will take potential customers to build loading infrastructure and secure railcars, BNSF will be capable of hauling 9 daily unit trains—each consisting of 81,000 barrels of crude.



STRATEGICALLY POSITIONED > With nearly 1,000 miles of rail lines in the Bakken region, our network is perfectly positioned to serve you. In fact, we touch 16 of the top 19 oil-producing counties in Central and Western North Dakota.

CUSTOM SOLUTIONS > BNSF is also a driver of innovative solutions designed to meet our customers' specific needs. Our experts can guide you, so that you can capitalize on the efficiencies of rail.

Ready to extract more information?
It's at bnsf.com/bakken.



What is BNSF's capacity in the Bakken?

- BNSF has approximately 1,000 miles of rail lines in the Bakken region
- Unit Train Shipments
 - BNSF is prepared to transport 730,000 bbl/day
 - Timing of 12 to 18 months to establish a new facility
 - Destinations to handle unit trains
- Manifest Shipments
 - BNSF volume has doubled each year
 - Finding additional locations has been challenging
 - Large transload sites are available

Crude Train FAQ #2

What are the advantages of shipping crude by rail?

- Provides flexibility to serve key markets
- Isolation of commodity to protect purity of product
- Timing to market

Crude Train FAQ #3

How does BNSF price crude?

- BNSF publishes rates on a per-car basis
- Tariff rates available on www.railprices.com
- Per-barrel calculation will depend on weight and capacity of tank car

Crude Train FAQ #4

What are your unit train guidelines?

- Approximately 7500 feet of track
- Loop or straight track design
- Access to mainline in both directions
- Loading/unloading in less than 24 hours to keep locomotives
- Loading/unloading must occur greater than 100 feet from nearest mainline
- Based on projected volume, we will recommend storage tankage amounts
- 118 leased tank cars, 2 buffer cars, 3 locomotives
- 66,000 – 81,000 bbl/train depending on loading configurations

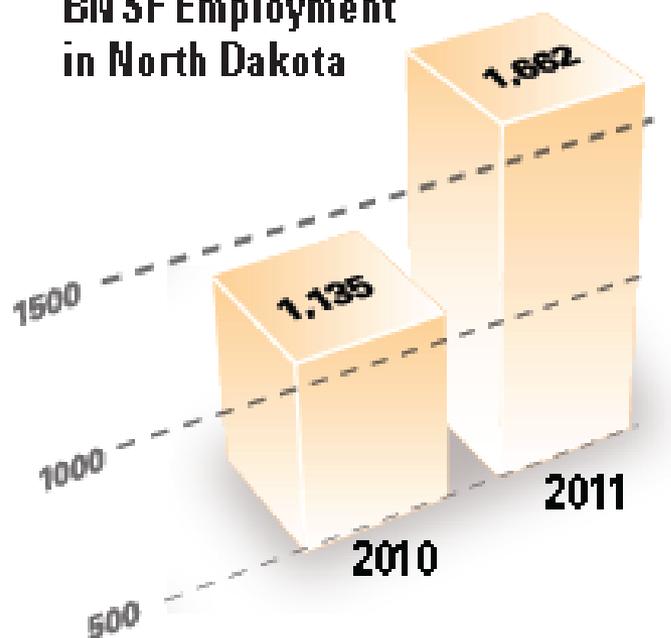
BNSF Bakken Development



- **More facilities to come online in second, third and fourth quarter**
- **BNSF investing capital into mainline routes**
 - Sidings, serving yards, train crews, supervisors
- **Other destinations**

BNSF North Dakota Economic Impact

**BNSF Employment
in North Dakota**



- **Employment – 1662, up 46% since January 2010**
- **Payroll – more than \$80.4 million in 2010**
- **BNSF has invested millions of dollars of capital in the region**
- **Over 100 trains serving the Bakken region on a weekly basis**
- **More than \$400,000 in charitable donations since 2008**

BNSF Activity in Other Shale Plays



Contact Information

- bnsf.com/bakken
- Oil Can! Day at The Capitol
- WBPC – Regina, SK

- Questions?

Serving your freight transportation needs into and out of the Bakken Shale region



The Bakken Shale is one of the continent's most promising resources for domestic oil supply. And BNSF Railway is the premier freight transportation resource for shipping goods into and out of the Bakken region.

BNSF's rail network connects the Bakken oil deposits in the Dakotas and Montana with the major supply and consumption markets across the United States.



Whether you're shipping **drilling pipe, sand, or clay** into the region, or you're transporting **crude** or **LPG** out of the region, you can count on BNSF to provide you with a safe, reliable and convenient transportation solution that meets your exact needs.

The BNSF rail network is ideally positioned to serve the Bakken region.



Services BNSF Offers
BNSF offers both carload and unit train service.
Carload can be either a single car or blocks of cars moving with other commodities on

Facility Development
Through our **Economic Development services**, we offer a comprehensive service package for planning and developing rail service to new or existing facilities. This includes:

Learn more about BNSF's role in the growing energy industry.
[Access Online brochure](#)



BNSF is committed to a healthy environment and a greener tomorrow. [Learn more](#)

[Visit bnsf.com](http://bnsf.com)

Contact a BNSF account rep today!

Randal Boss
817-867-6283

Kreigh Valkenaar
817-867-6384

Elliot Anland

Need to know info



Rangeland Energy, LLC

COLT Project Presentation

NDPA Webinar

February 28, 2011

Brian Freed

bfreed@rgldenergy.com

Direct – 281.566.3008



Rangeland Energy, LLC

Purpose

- Rangeland Energy, LLC is a midstream energy company focused on developing, acquiring, owning and operating midstream crude oil and natural gas assets.
 - Formed in November, 2009, Rangeland Energy is funded by the EnCap Energy Infrastructure Fund, L.P. (EEIF), a private equity fund managed by EnCap Flatrock Midstream.
 - Sr. Management team with over 100 years of midstream experience (crude oil, natural gas and refined products)

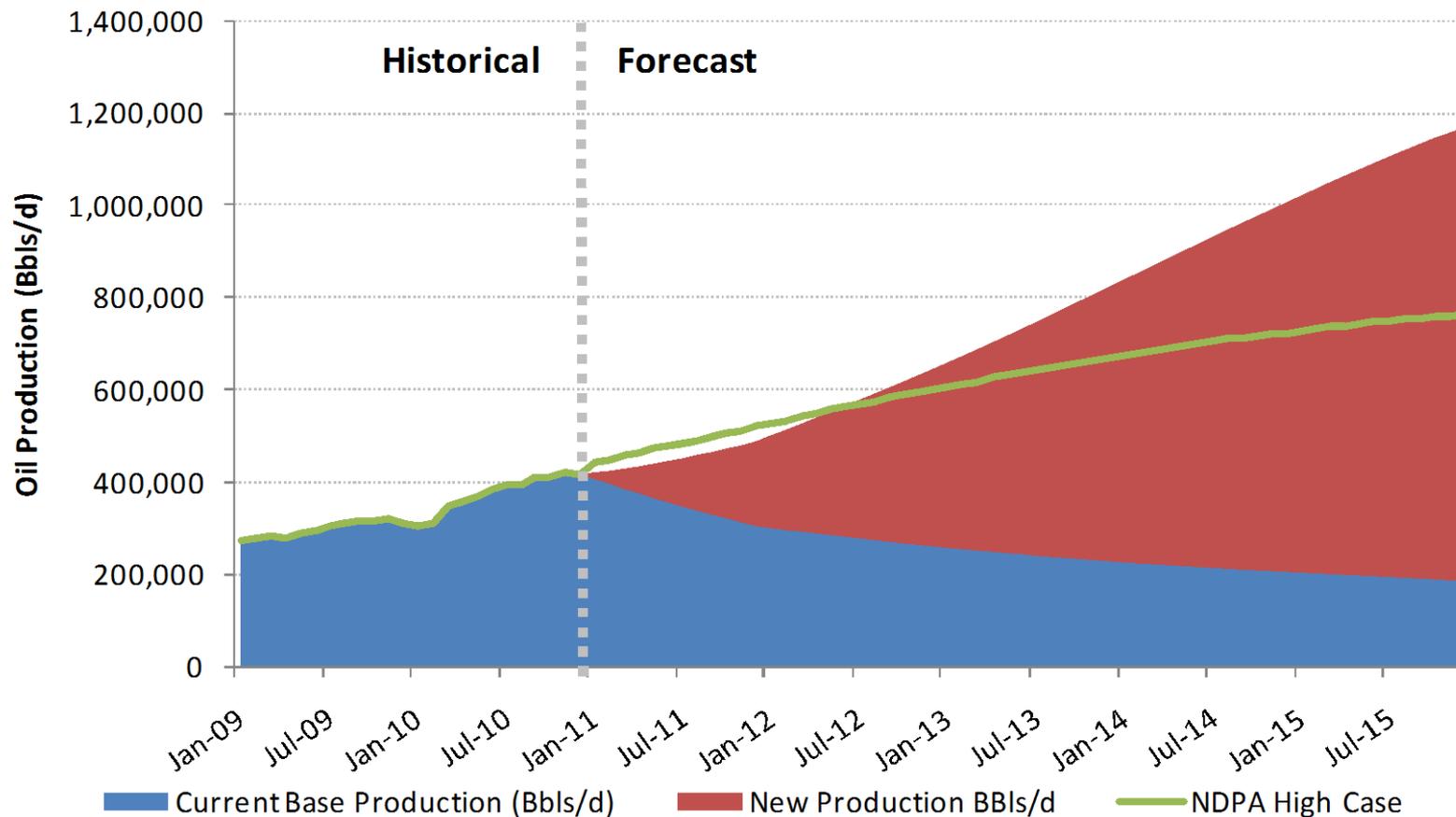
Strategic Focus

- Initial focus is crude oil infrastructure in North Dakota's Bakken shale
 - Williams & McKenzie Counties
 - Target market includes producers, marketers and refiners
 - Rangeland is not an acquirer or marketer of crude oil
 - Other areas of interest:
 - Niobrara Shale, Wyoming
 - Eagle Ford Shale, Texas



Crude Oil Production – 1.2 MMBpl/d in 2015?

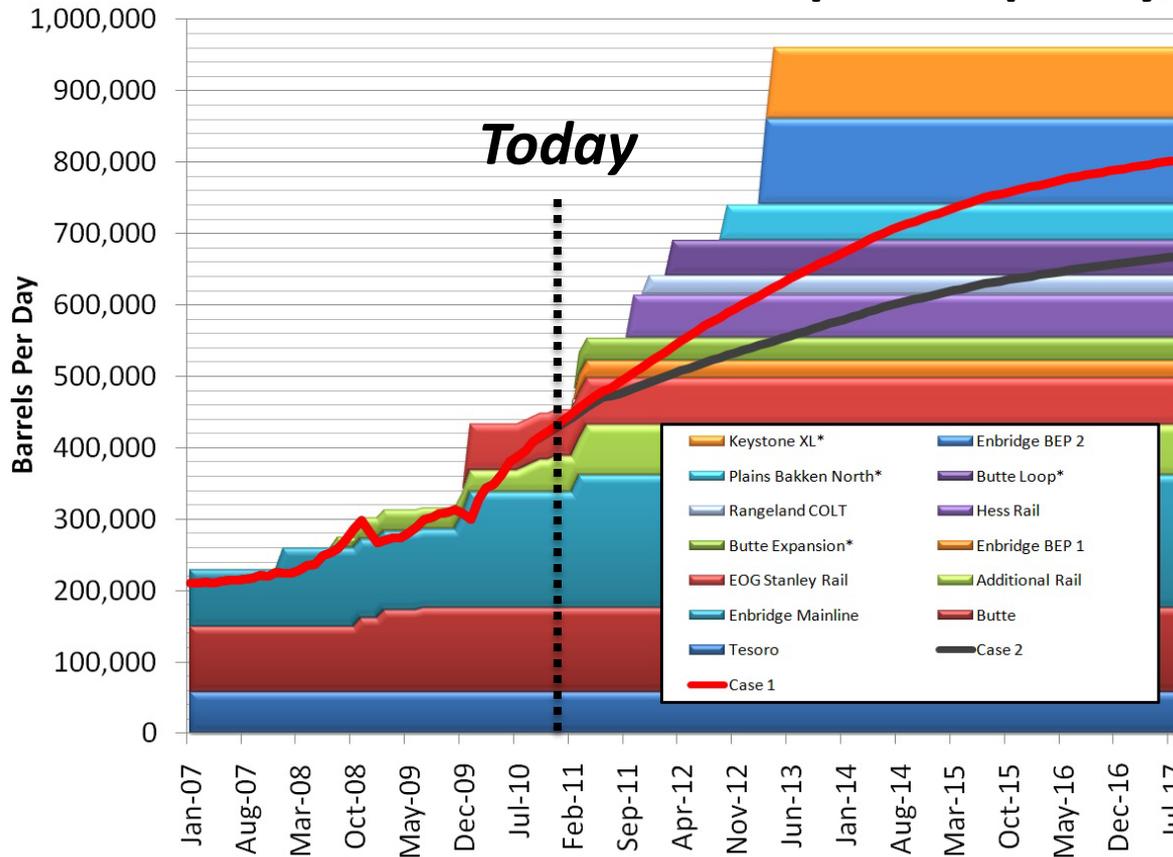
Williston Production Growth



Source: Raymond James, NDPA

COLT – Bakken Export Projects

Williston Basin Oil Production & Export Capacity, BOPD



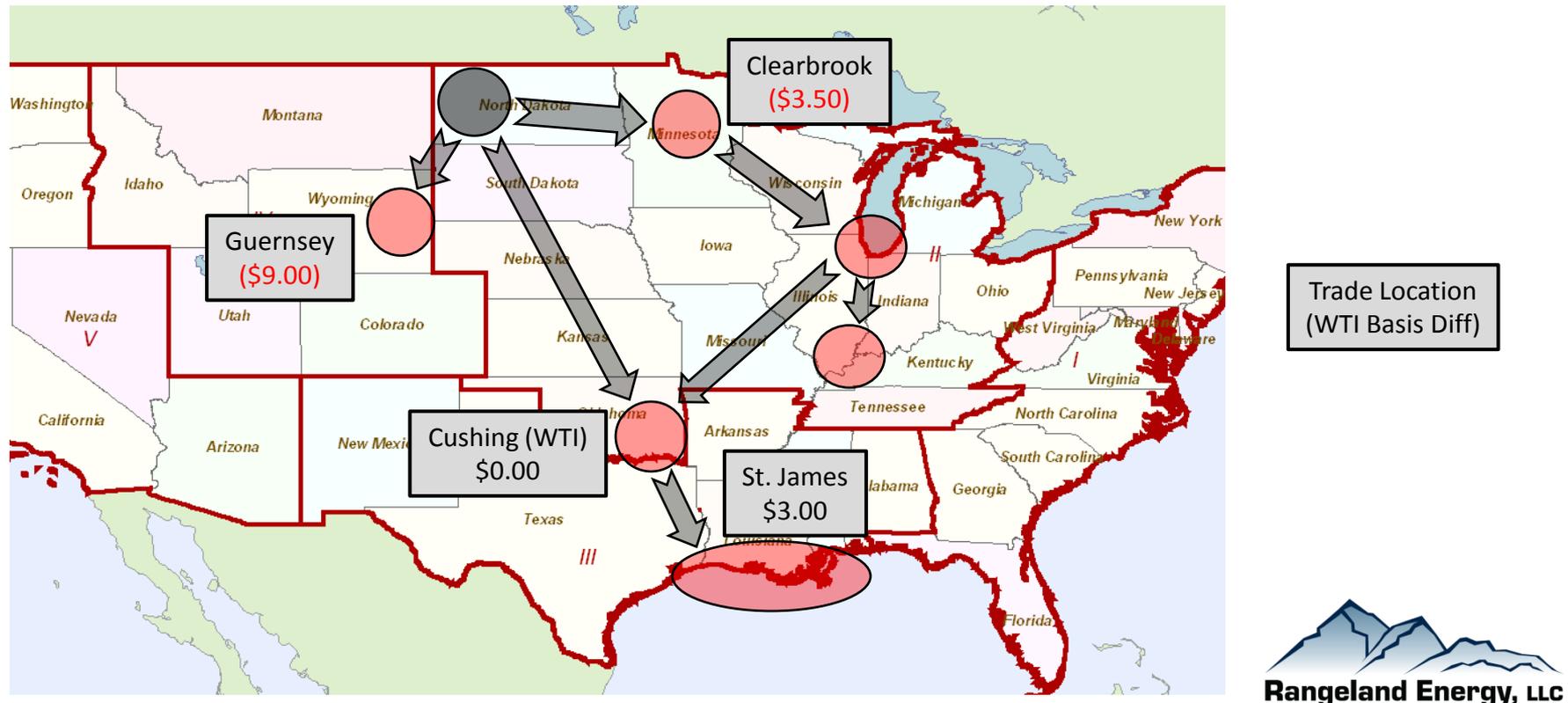
Production forecast is for visual demonstration purposes only and should not be considered accurate for any near or long term planning.

*Projects still in the proposed or internal review process

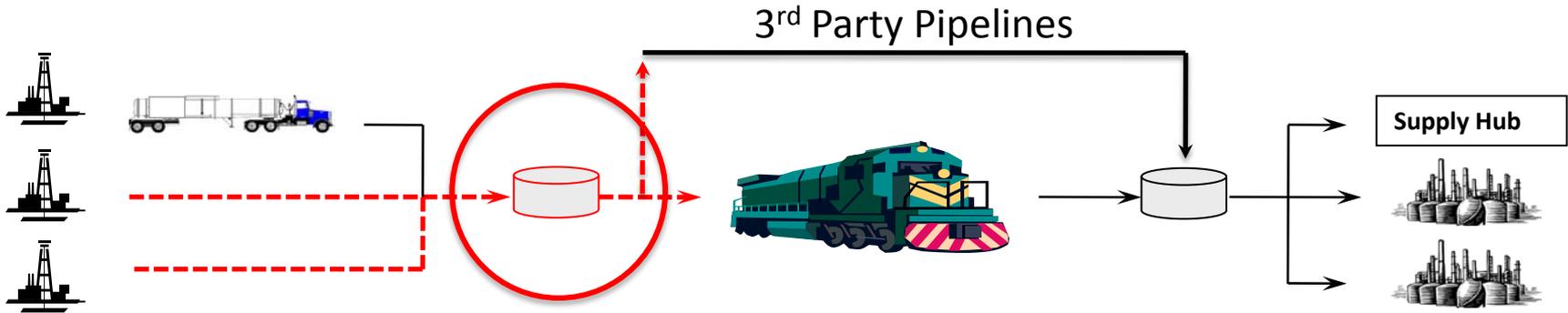


Bakken Crude Markets

- Where does the crude want to go?
 - Currently “supply push” vs. “market pull”
 - Average North Dakota wellhead price WTI minus \$12.00
 - As infrastructure develops, crude will seek the highest value market
 - Gulf Coast – Houston, Beaumont/Port Arthur, Lake Charles, St. James
 - LLS market trades at a premium to WTI (usually between \$2.00-\$4.00/barrel)
 - Enhance crude value through blending



Rangeland's Development Project - COLT



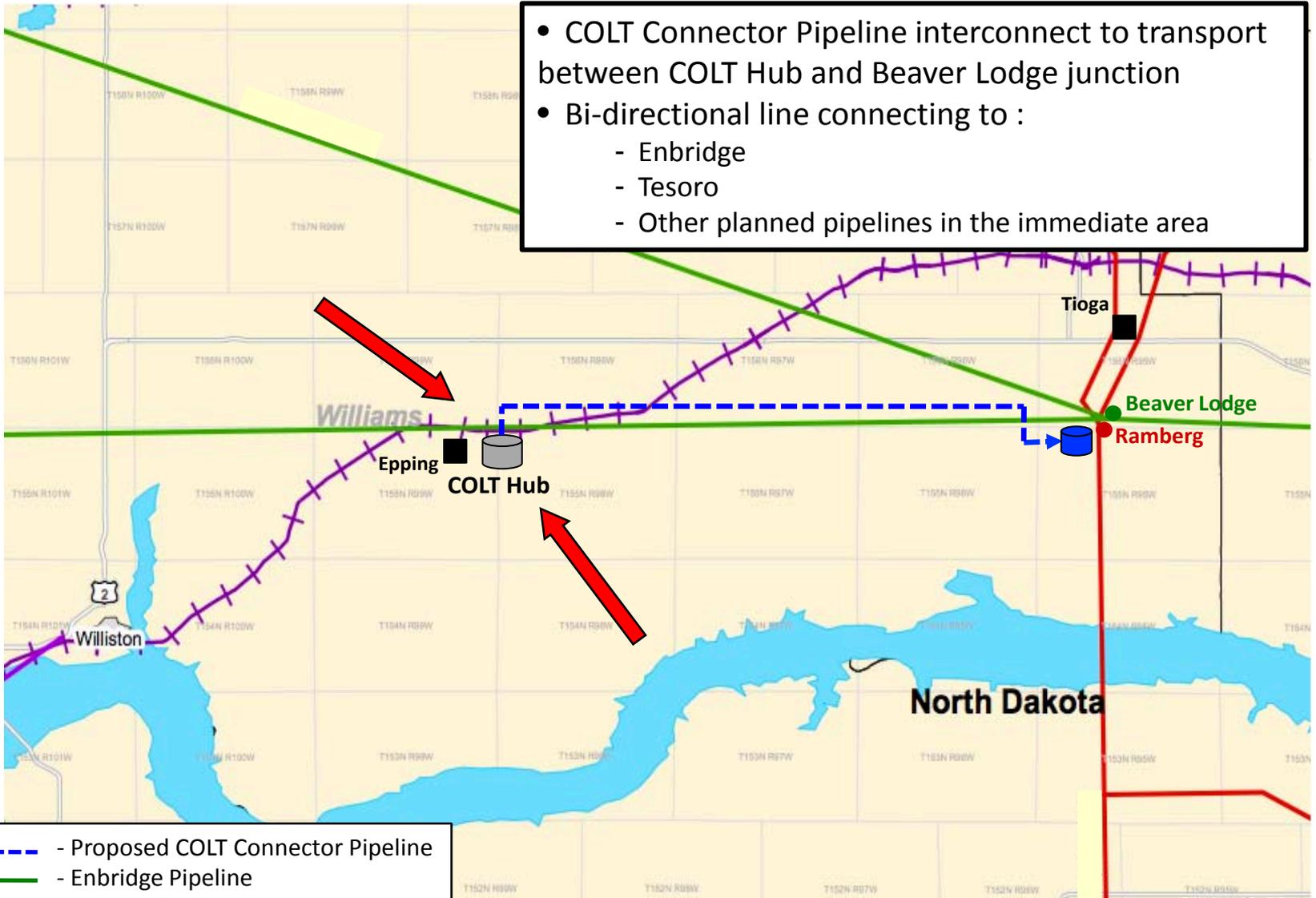
- **Develop a crude oil “HUB” in Williams County, ND**
 - Merchant/3rd party, fee-for-service facility
 - Truck gathering services with both unloading and loading facilities
 - Provide pipeline gathering services to the hub
 - Provide terminal services (storage, blending,...) at the hub
 - Dedicated tankage and fungible tankage options
 - Provide connectivity to multiple markets at the hub
 - Pipeline (bi-directional 8” to beaver lodge junction and other planned pipelines) & Railroad (unit train loading facilities)
 - Maximize value of produced crude oil
 - NGL storage and rail opportunities

COLT – Full Unit Train & Manifest



COLT Connector Pipeline Project

- COLT Connector Pipeline interconnect to transport between COLT Hub and Beaver Lodge junction
- Bi-directional line connecting to :
 - Enbridge
 - Tesoro
 - Other planned pipelines in the immediate area



- Proposed COLT Connector Pipeline
- Enbridge Pipeline
- Tesoro Pipeline
- BNSF Railway



Current Status

- Regulatory/Permitting
 - Rezoning hearing – unanimously approved
 - NDPSC pipeline application filed
- Land Acquisition
- Engineering
 - Detailed engineering
 - Bid packages prepared
 - Purchasing long lead items
- On-Track for January 1, 2012 in-service date

Rangeland Energy, LLC

COLT Project Presentation

Questions?

February 28, 2011

Brian Freed

bfreed@rgldenergy.com

Direct – 281.566.3008



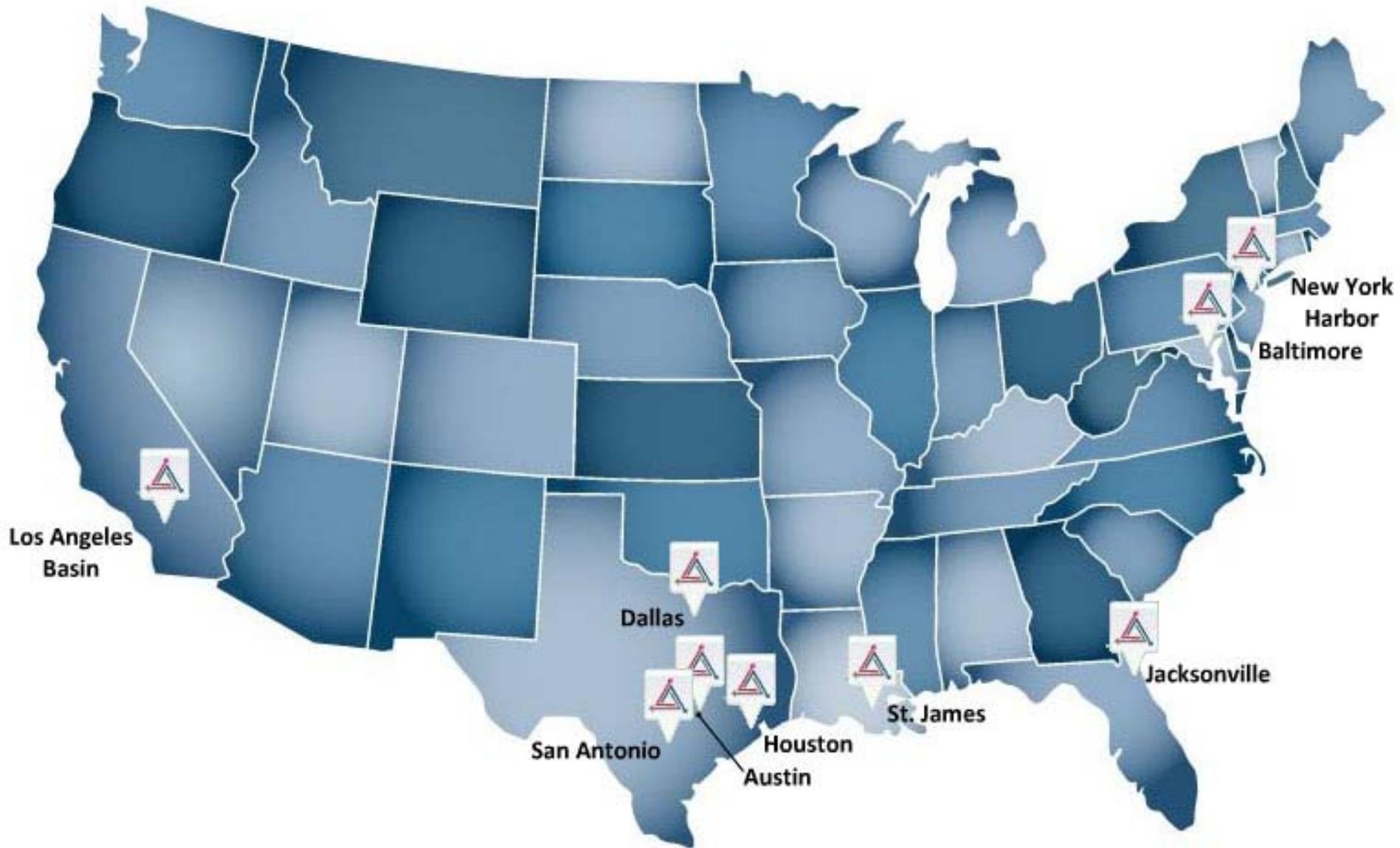
Crude by Rail Program

US Development Group LLC

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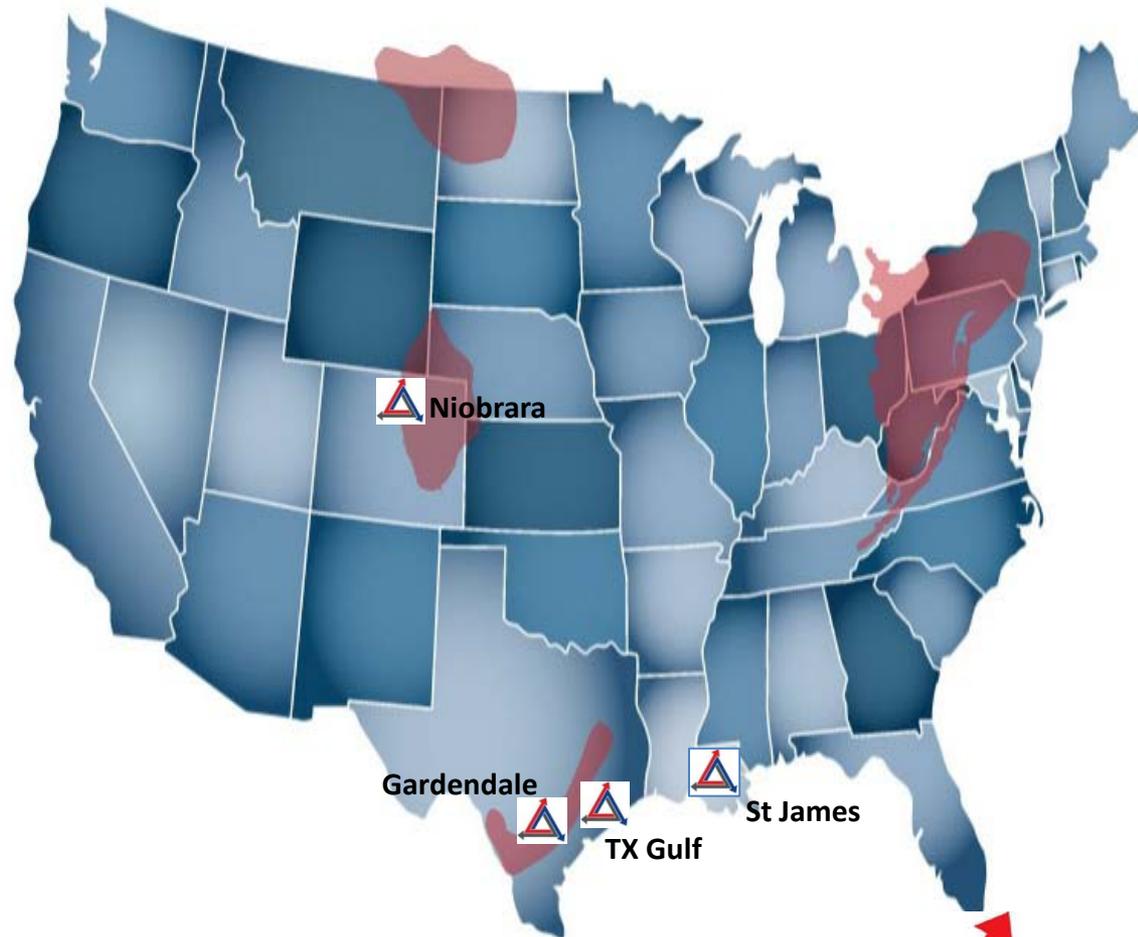


US Development Overview



USD Crude Network

- *Network of Unit Train Destination Terminals*
 - *Focus on Unit Train Markets*
 - *Terminals in Key crude Hubs*
 - *Offer Premium Markets to Cushing*
 - *Destination Flexibility*
 - *Manage to Best Netback*
- *Initial Terminal - St James Rail Terminal*
- *Continued Growth of Destination Network*
 - *Texas Gulf – Q4 2011*
 - *West Coast*
 - *East Coast*
 - *Potential Mid Continent*
- *Origin Network*
 - *Eagle Ford Shale*
 - *Niobrara Shale*



St James Rail Terminal



- *Why St. James vs. Other Markets*
 - *Very Liquid Markets – Over 1.1 Million Barrels Per Day*
 - *LLS Market Trades at a premium to WTI*
 - *Cushing Market Heavily Impacted by Multiple Crude Sources and Upcoming Canadian Pipelines*
 - *No Potential Competition by Pipe*
 - *Multiple Pipeline Connections From St. James*

- *St James Rail Terminal*

- *Terminal located in St. James, LA on UPRR*
- *Terminal is Located at Plains Marketing St. James Terminal*
- *Current Capacity to Handle One Train per Day.*
 - *Expanding to over Two Trains per Day*
- *Dedicated USD switch engines and crews*



St James Pipe Connectivity

Capline

Valero - Memphis (180,000 bpd)

Lima (151,000 bpd)

COP - Wood River (288,000 bpd)

BP - Whiting (410,000)

BP - Toledo (160,000)

Marathon - Robinson (192,000)

Marathon - Catleseburg (222,000)

Marathon - Minneapolis (70,000)

Marathon - Canton (73,000)

Marathon - Detroit (74,000)

Citgo - Lemont (160,000)

Koch - Minneapolis (265,000)

Sun - Toledo (150,000)



LoCap

Exxon - Baton Rouge (493,000)

Marathon - Garyville (236,000)

Motiva - Convent (235,000)



RedStick

Placid (48,000)

Sustainability of Crude by Rail

- *Rail Program Has Ability to Sustain as Long-term Compliment to Pipeline*
- *Market Flexibility with Multiple Origin/Destination Markets - Premium and Non-pipe Served Markets*
- *Rail Economics*
- *Transit Time and Rail Efficiency*
- *Product Integrity*
- *Continued Ability to Move Product Demand*
 - *Rail Service*
 - *Rail Equipment*





EDOG Logistics, LLC

Dickinson Railroad Shipping Facility for Light Crude Oil

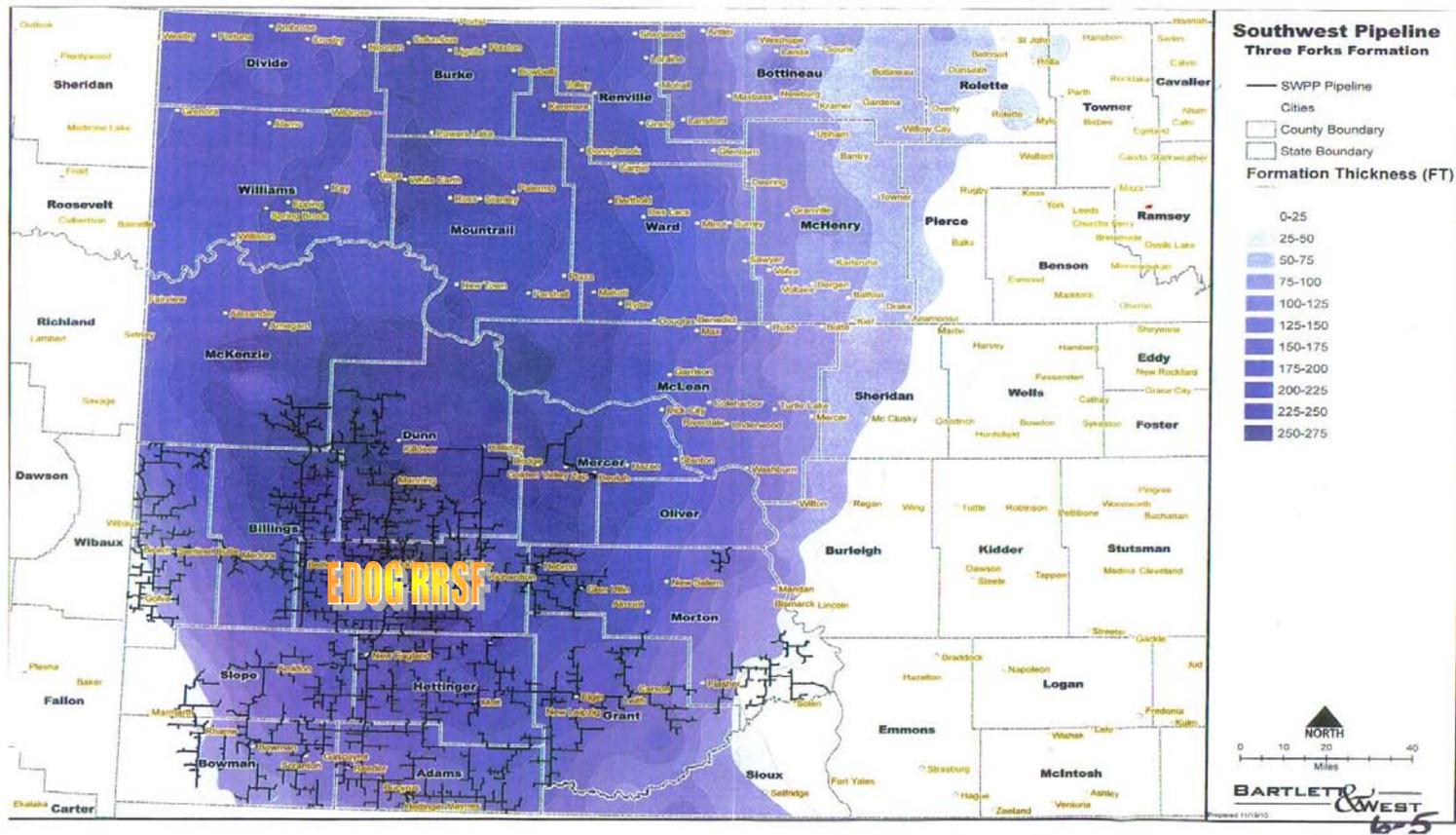
First ND Full Unit Train Operational Facility South of River

Capacity:	Initially 10 Unit Trains/Week Expandable to 70 Unit Trains/Week
Destination:	St. James, LA and Others
Opening:	June 2011

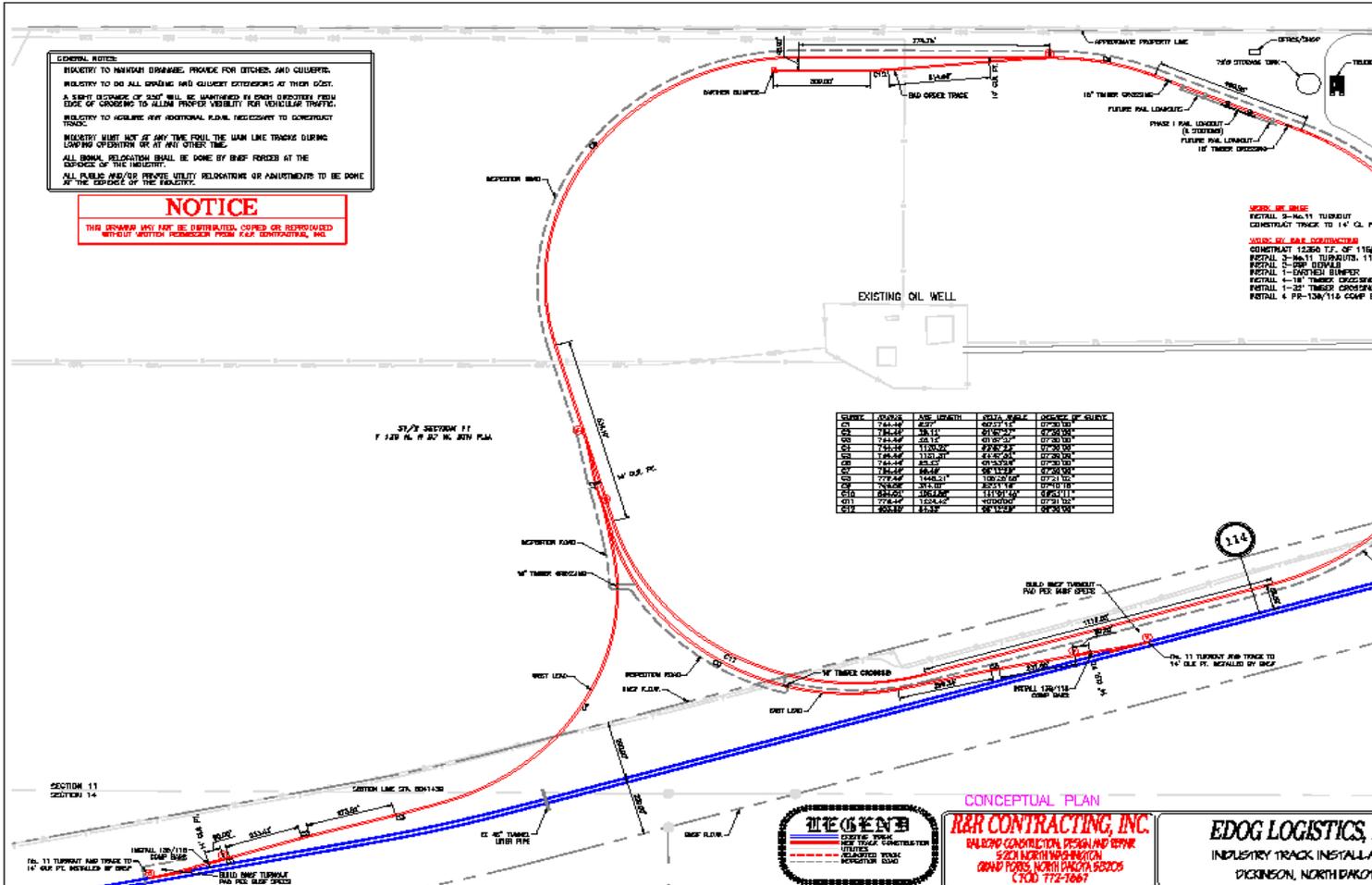
EDOG RRSF – Located in SW North Dakota



EDOG RRSF – In the Midst of Three Forks Play



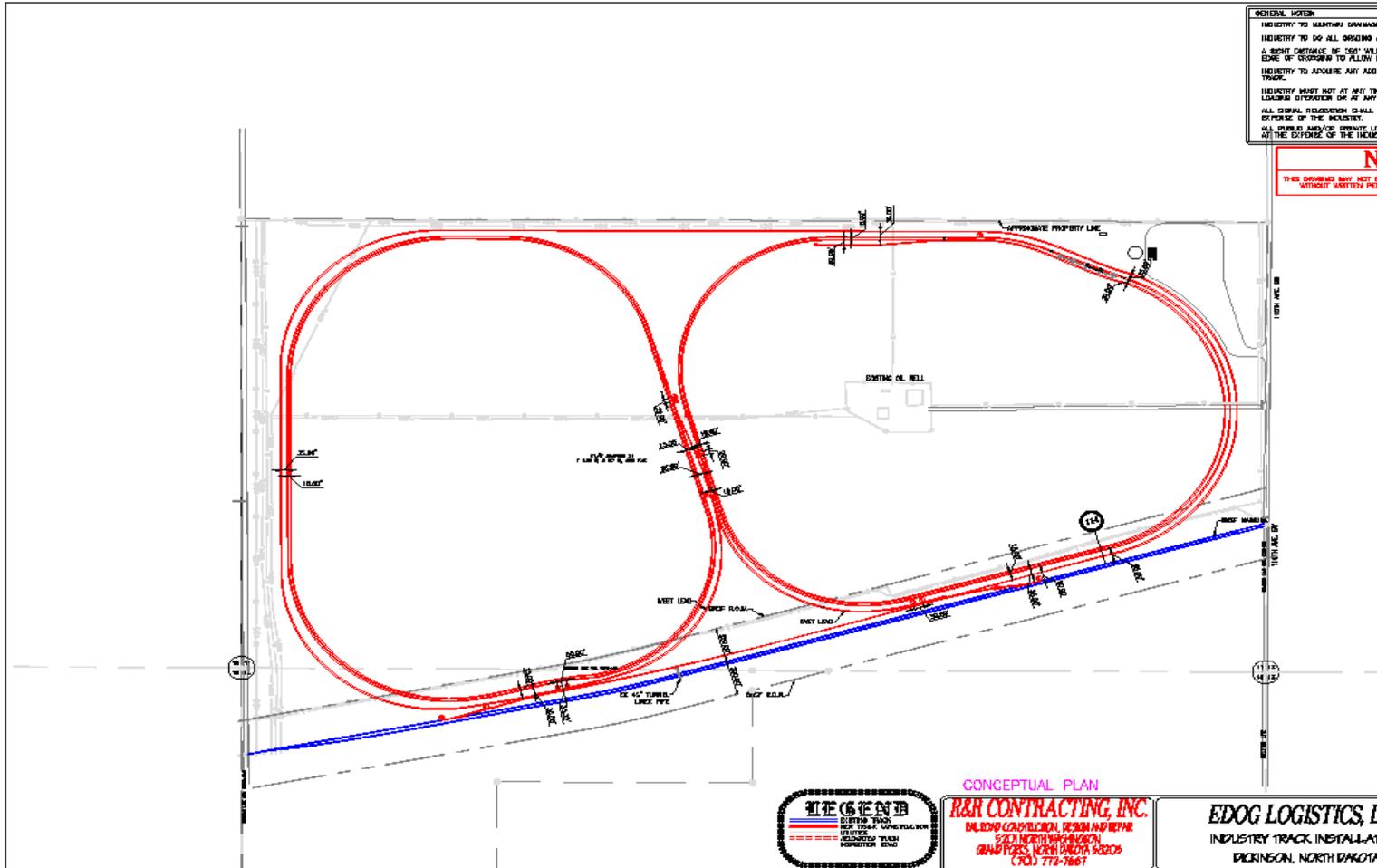
Plan of Phase 1 – 100,000 BOPD



Construction Status of Phase 1



Plan of Phases 2-5 – 500,000 BOPD



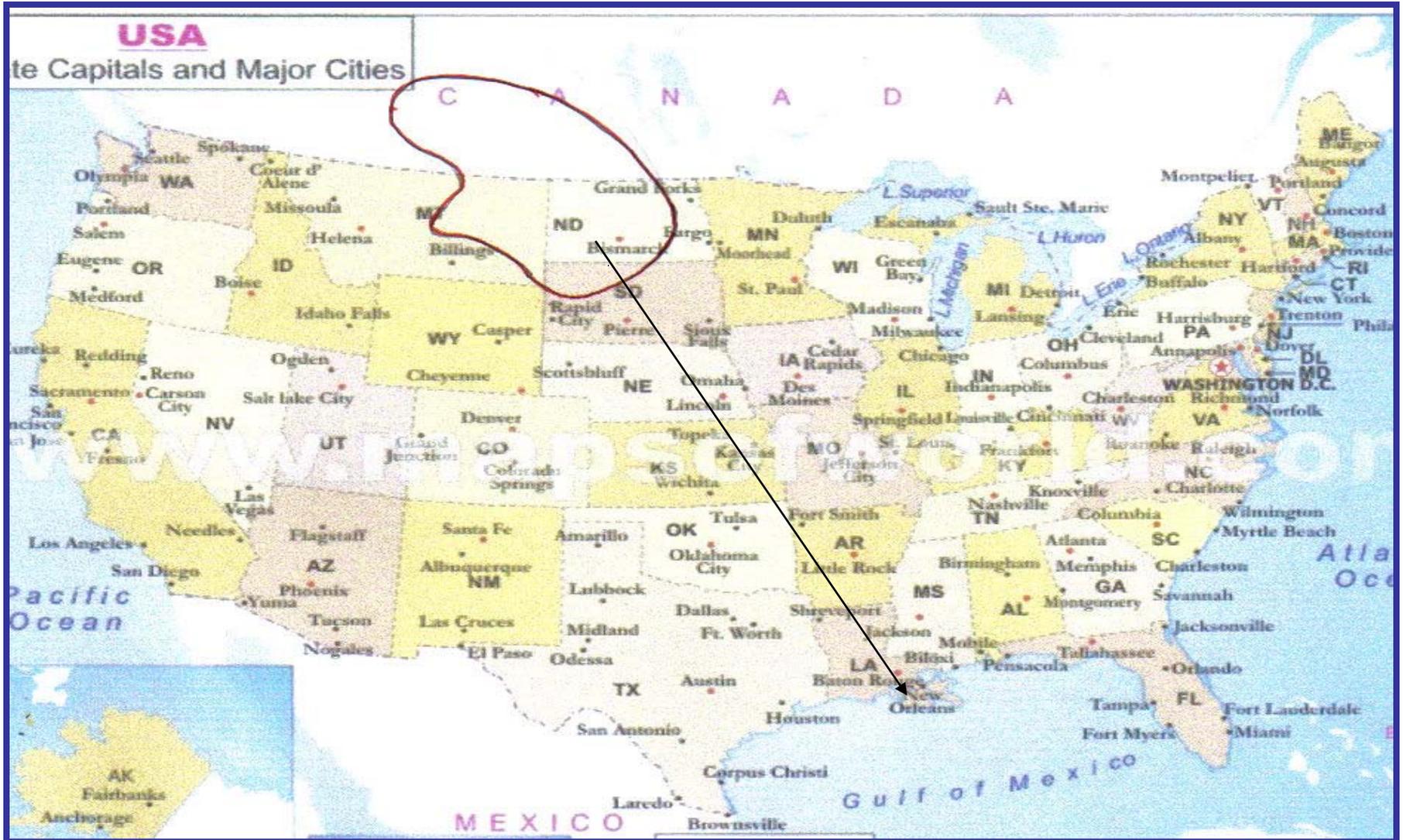
View of Entire East Half of RRSF 700 Acre Property



BNSF Mainline Connections

- Mainline east and west
- Contract Executed with BNSF
- Two Switches to be Installed into mainline of BNSF so may enter and exit in either direction.

Destinations Including – St. James, Louisiana



EDOG RRSF – Commencement of Operations

- June 2011
- Contact Information:
 - EDOG Logistics, LLC
 - Post Office Box 1154
 - Dickinson, North Dakota
 - 701-483-5982
 - Visit our Offices and Site in Dickinson
 - robertjangerer@edog-l.com



Trenton Railport

Williston Basin Crude & Materials Multiuser Terminal

Salt Lake City, UT
February 28, 2011

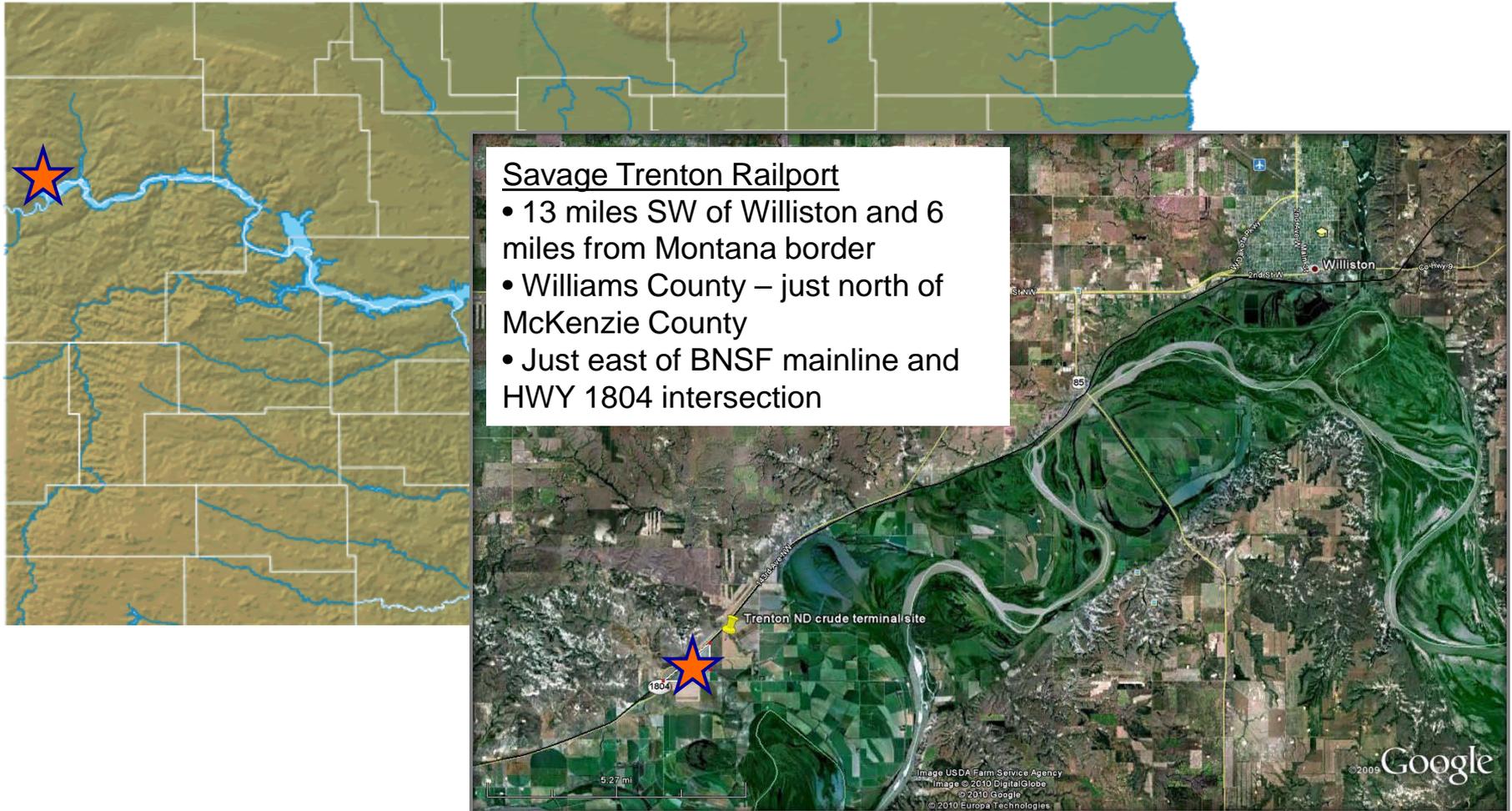
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Savage Services

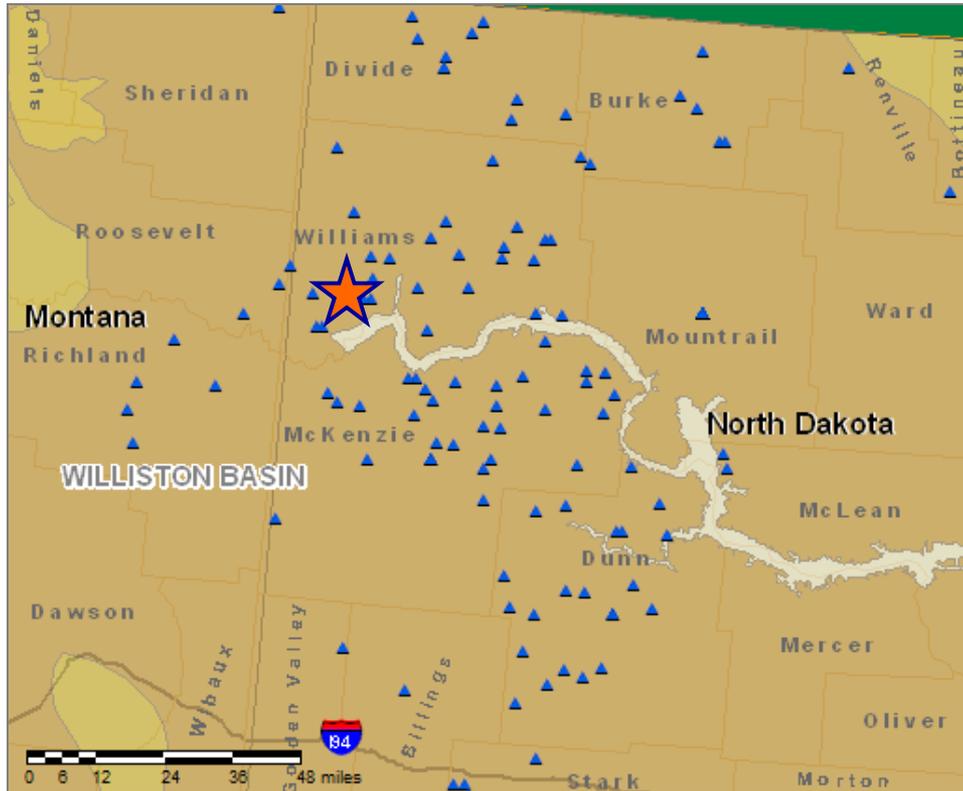
- Privately-held corporation based in Salt Lake City, UT – established in 1946
- >140 operations & 2000+ employees in North America
- Systemized approach for supply chains, materials management, transportation, facilities, & related services
- Dedicated to understanding our customer's unique needs and developing ***Innovative Supply-Chain Solutions***
- Committed to delivering “***Best Value – No Worry***” service to our customers with integrity
- Continuous improvement focused – ***S⁷ Operating System***



Williston Basin – Railport Facility

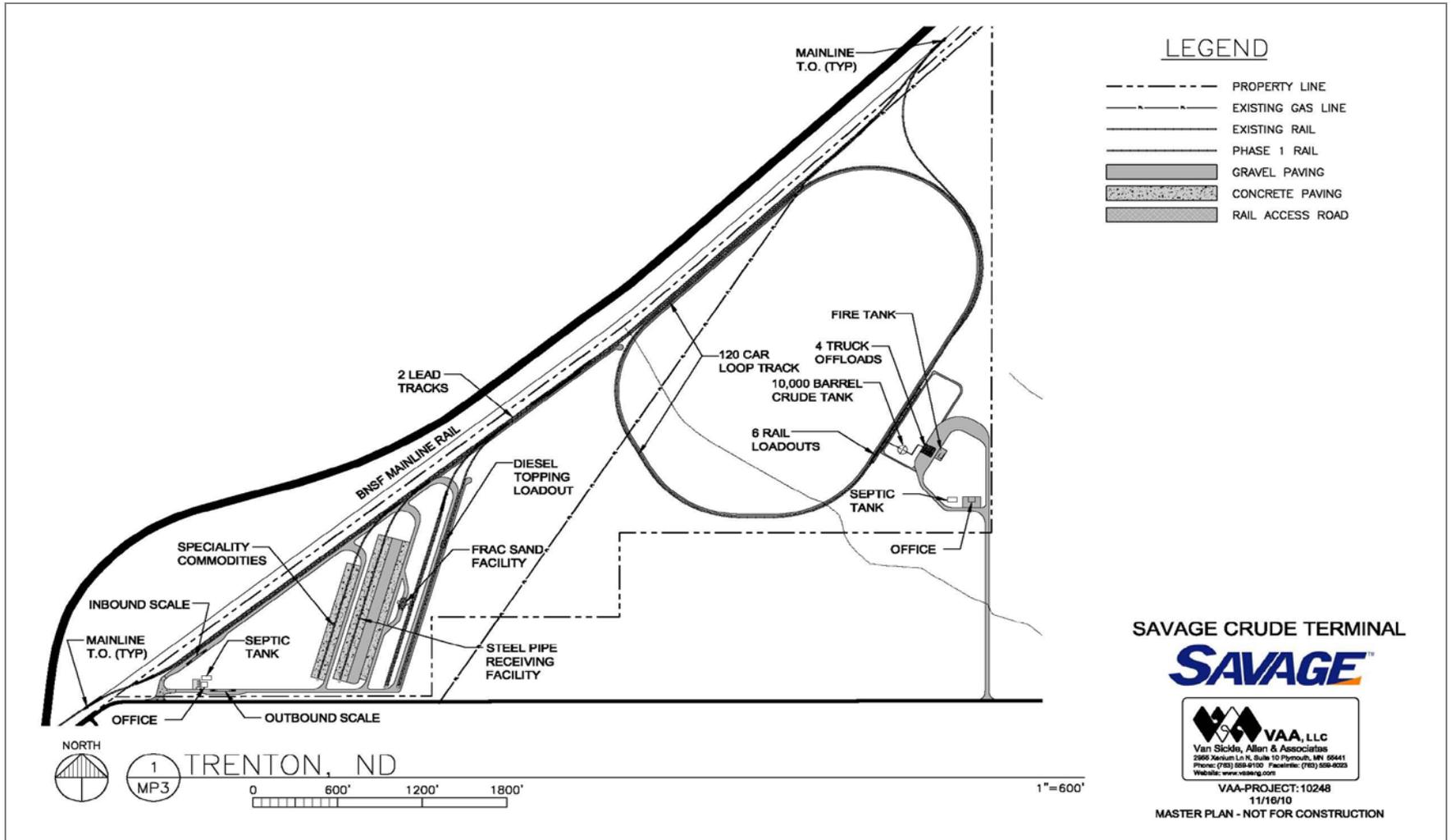


Strategically Located in Trenton



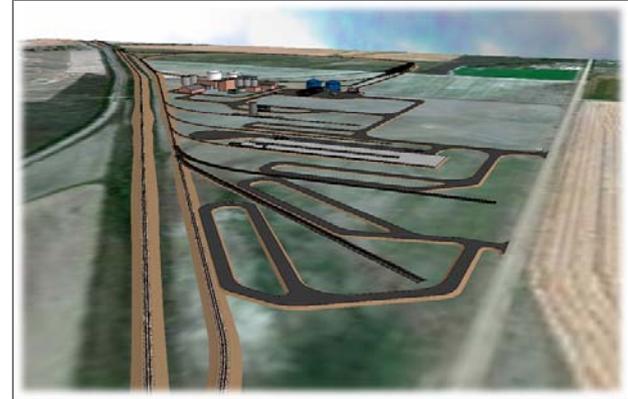
- In heart of Bakken Shale development
- 5 miles from Plains / Enbridge Pipeline Terminal

Multiple Capabilities – Crude & Materials



Facility Characteristics

- Rail served by BNSF
 - 274 acre Railport
- Facility Infrastructure
 - Total lineal feet - 38,700.
 - Loop track - 8,300 ft.
 - Transloading - 7 tracks consisting of 13,000 ft.
- Leads-2 Lead tracks
 - 8,000 ft.
 - 6,800 ft.
 - Misc-Wye Track - 2,400 ft.
- Onsite full-time switching



Service Model

- Services provided will primarily include rail switching and a full-service transload facility.
- This facility will be a multi-product multiuser facility including but not limited to:
 - Crude Oil
 - Proppant (sand, ceramic)
 - OCTG
 - Aggregates
 - NGL
 - Construction materials and various bulk products
- Lease options may exist for both land and product storage needs

Savage's Integrated System



➤ SOURCE

➤ TERMINAL

➤ TRANSPORTATION

➤ DISTRIBUTION